ATRANS

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PUBLIC TRANSPORT

REFORMS

A Journey in Three Axes: Competition, Ownership and Regulation

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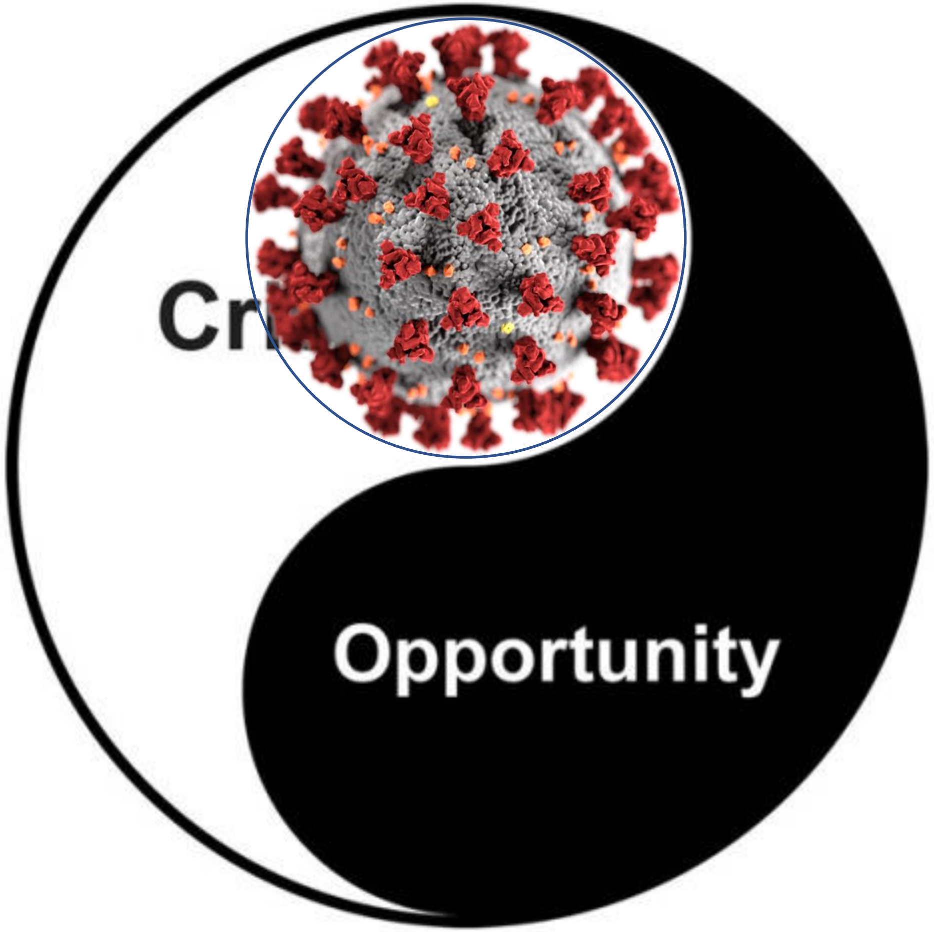
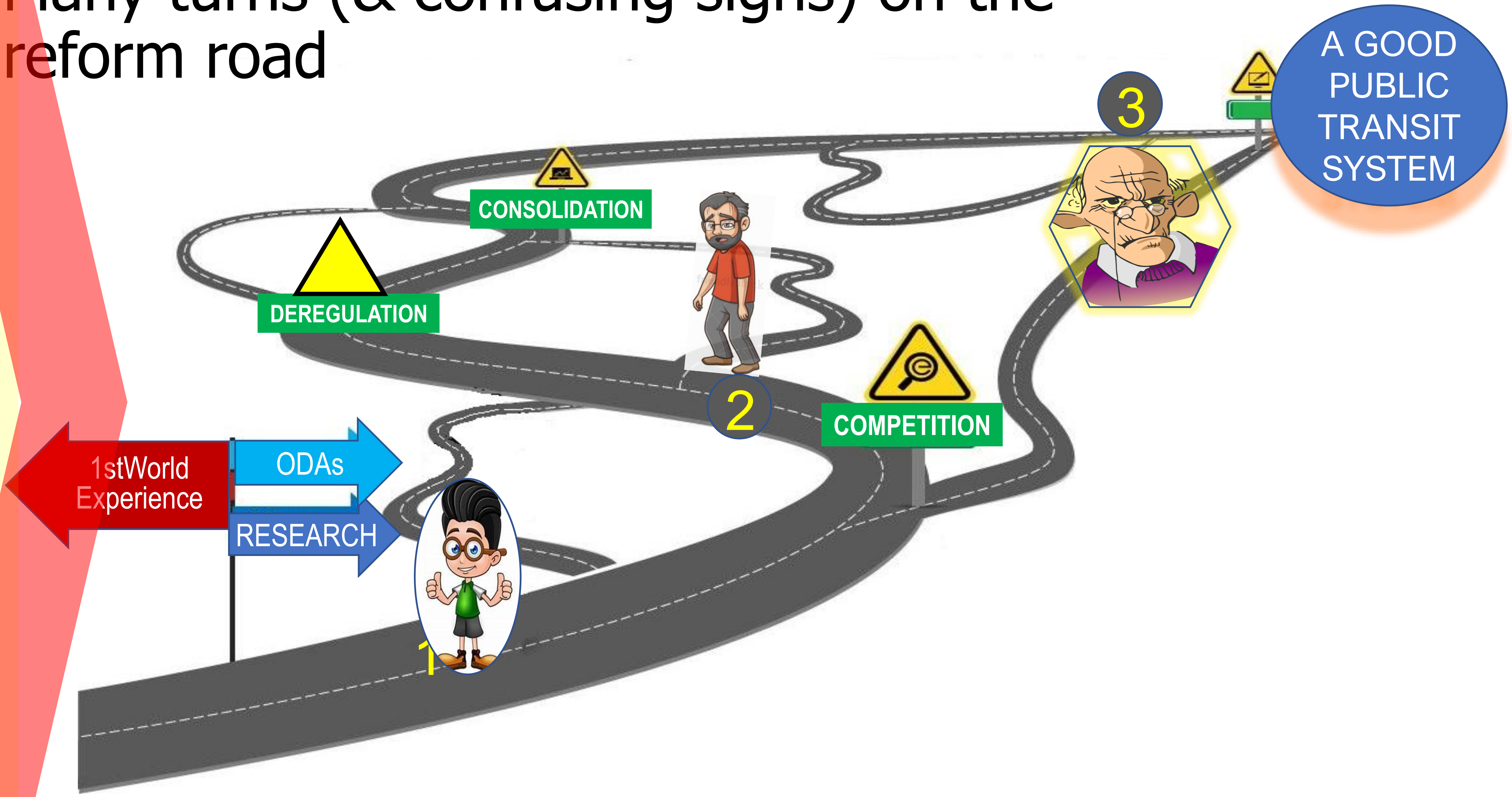
Danger or Opportunity on the Reform Road?



Rare Opportunity:

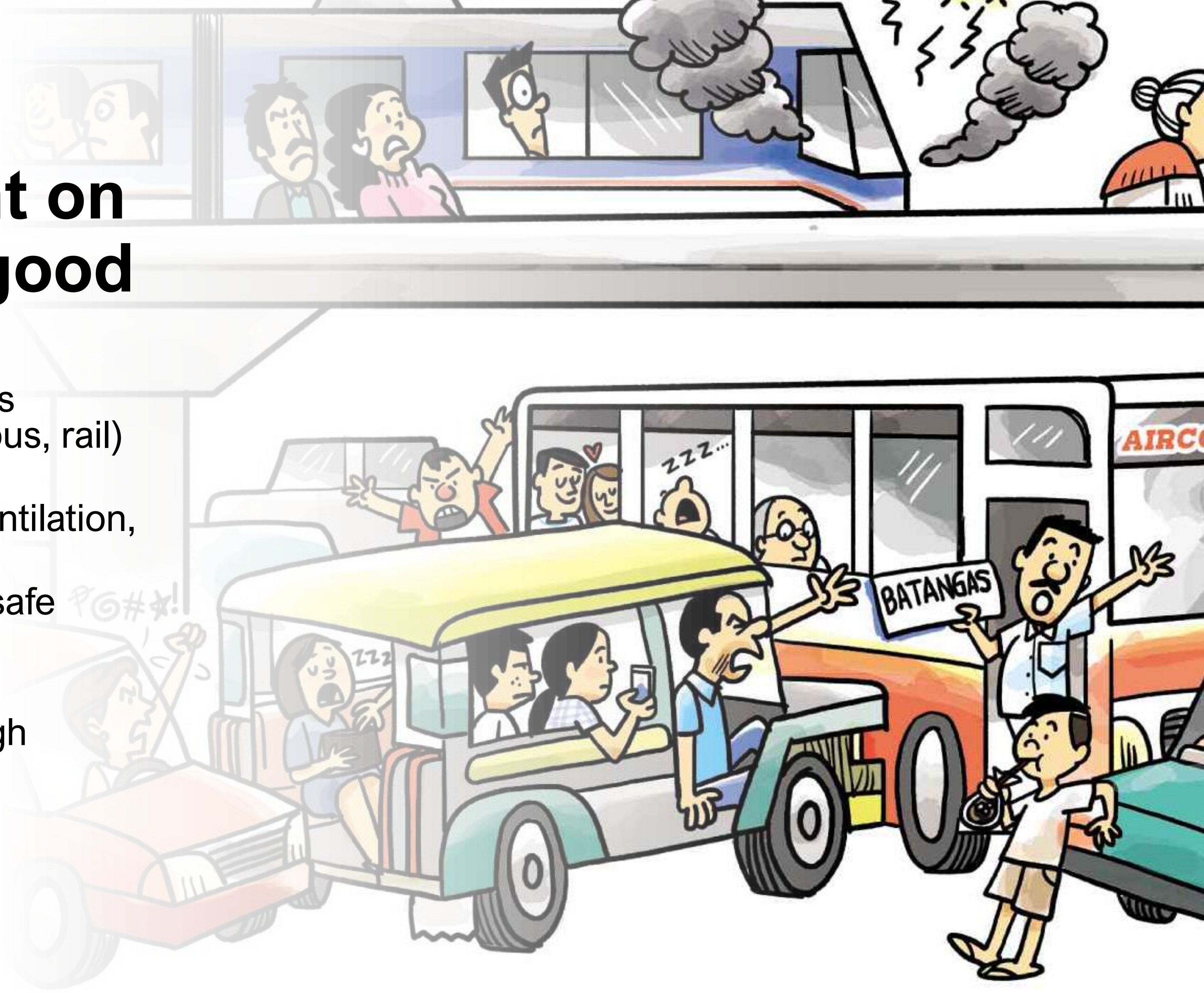
- ➔ Reset urban transport system (*especially, the road-based PT system*)
- ➔ Slowdown and re-calibrate the reform roadmap
- ➔ Accelerate long-simmering reforms of PT

Many turns (& confusing signs) on the reform road



Broad agreement on what makes PT good

- Convenient transfers across different modes (jeepney, bus, rail) with no cost penalties
- On-board comfort (seat, ventilation, personal space)
- Accessible, convenient, & safe loading/unloading point
- Reasonable journey time
- Reliability, predictability, high frequency
- Affordable fares



BUT . . .
No well-trodden road

Journey
need not be
as puzzling as
a Rubik’s
Cube

My early exploration was on 2 Axes

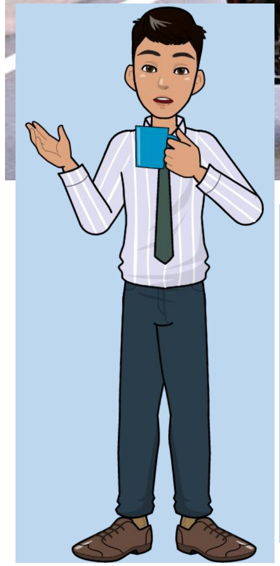
REGULATION

COMPETITION

Regime	Demand on Public Institutions		Demand on Public Funds		Externalities: Effects on Other Sectors	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
Public Monopoly	Medium: Capacity building for bureaucracy	HIGH: enlarge bureaucracy for transit O&M	HIGH: Funding to buy out or replace fleet	HIGH: Capex & Operating Subsidy	HIGH: Adverse effects on existing operators	LOW: minimized traffic impact
Controlled** Competition	High: Reform the regulatory agency & franchising law	Low: small bureaucracy required	Medium: Gov't may need to seed the consolidation	LOW: sound fare will lead to zero subsidy	Medium: Bus consolidation	Low: minimized traffic impact from fleet management
Deregulated Regime	LOW: small bureaucracy & low competency	LOW small bureaucracy & low competency	NONE	LOW: for common infrastructure	Low: no change in current structure	HIGH: high congestion due to street competition

**Estache & Gomez-Lobo. "The Limits to Bus Competition in Urban Bus Services in Developing Countries", World Bank Policy Research Working Paper 3207 (Feb 2004)

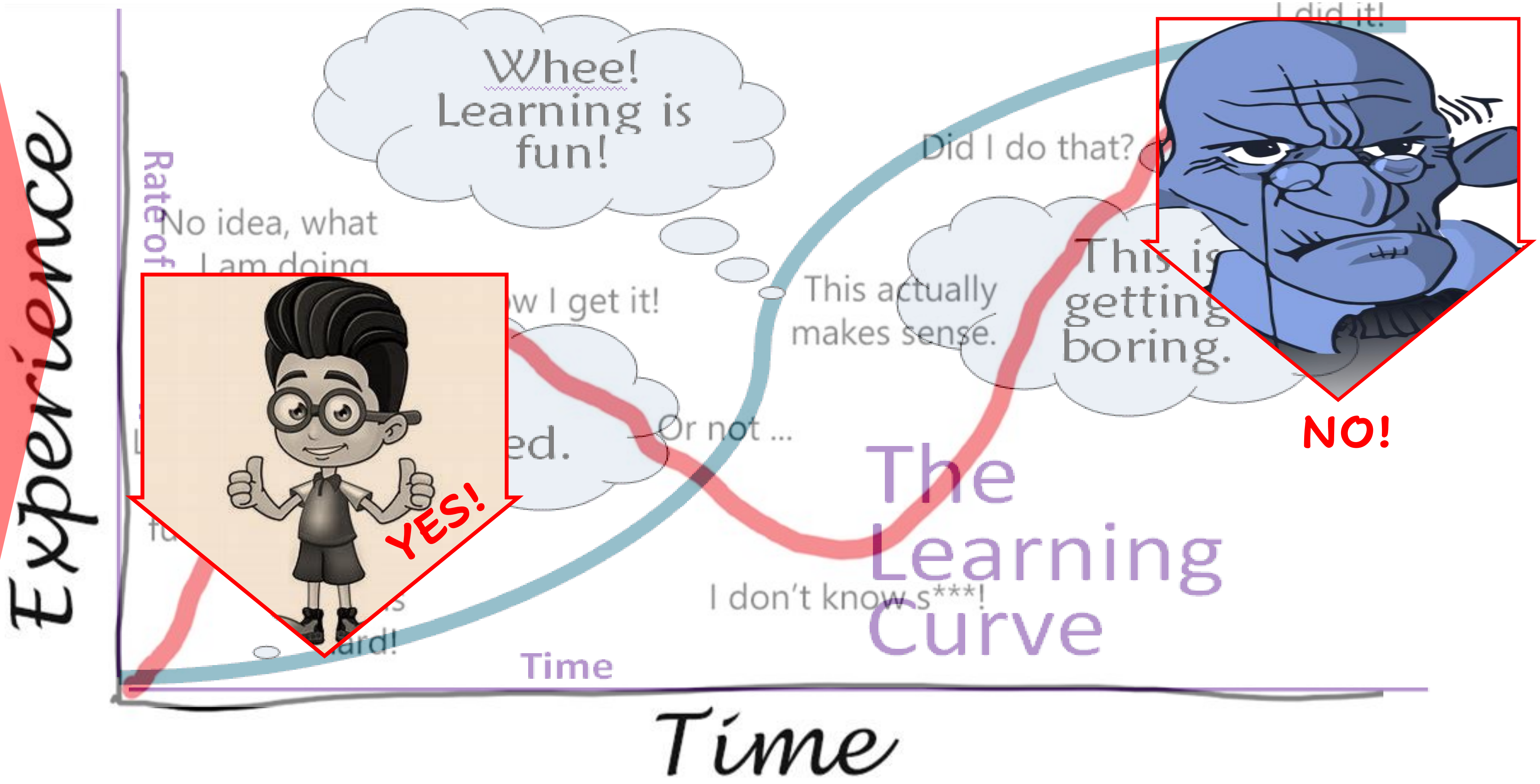
Is this supply deficiency (no competition)?



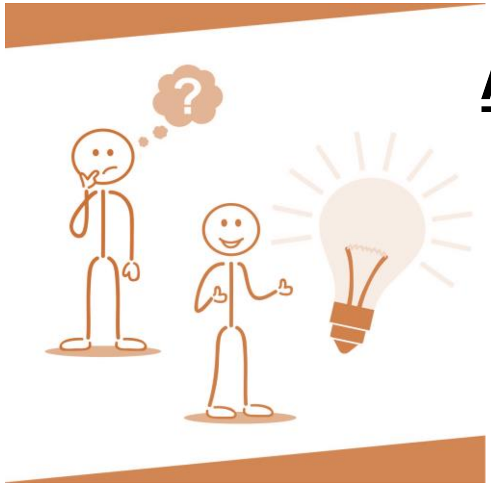
YES, lack of supply caused by Gov't Regulator restricting competition

NO, supply is adequate but Fare too low

Viewpoints differ, as position in LC progress



As well as starting position in the cube

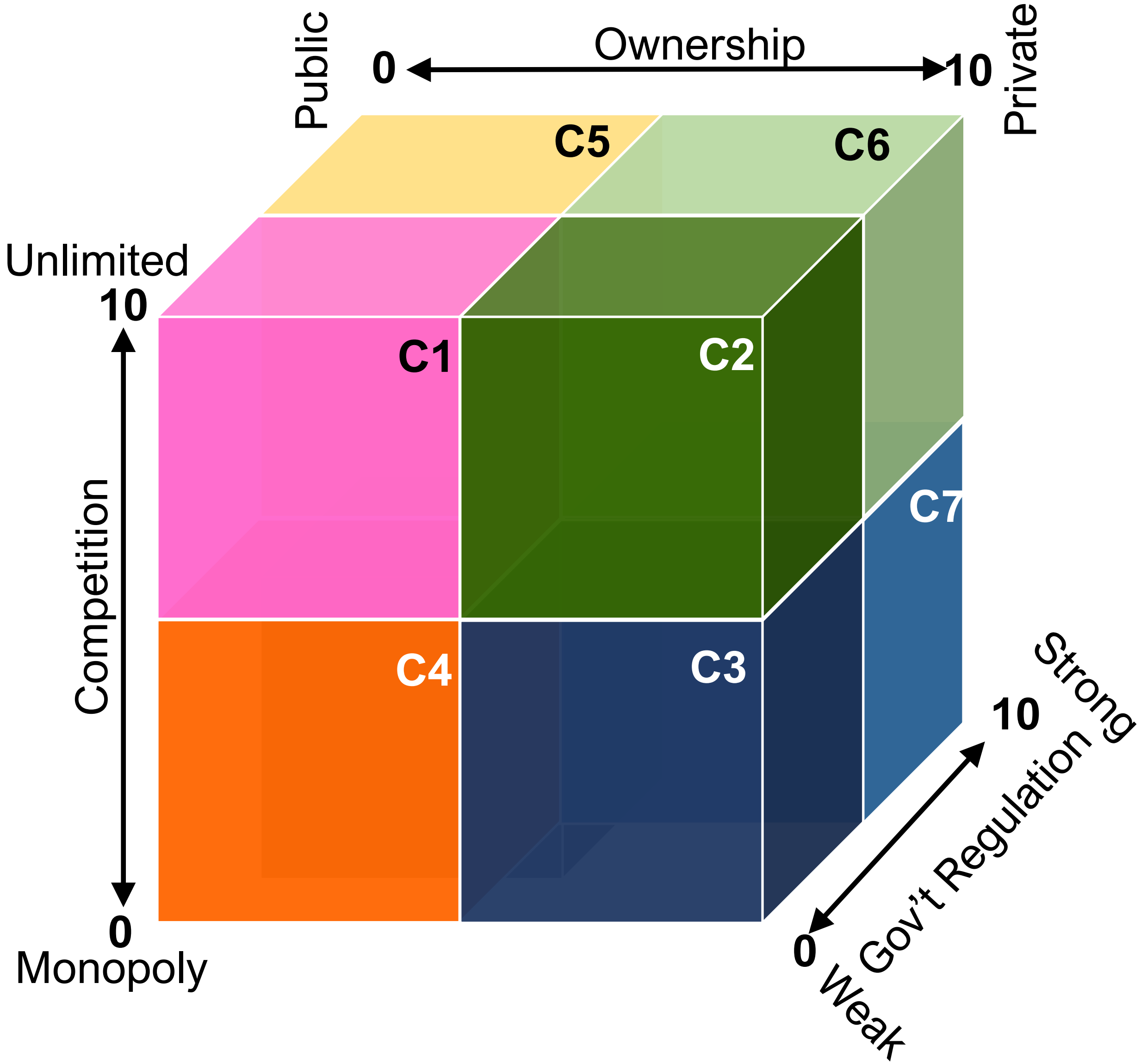


Trifecta of

x=Ownership

y=Competition

z= Regulation



STO Framework of THREDBO *

STRATEGIC:

Movement in 2 dimensions, or change in Cube

TACTICAL:

Change of position within same Cube, in 1 dimension

OPERATIONAL:

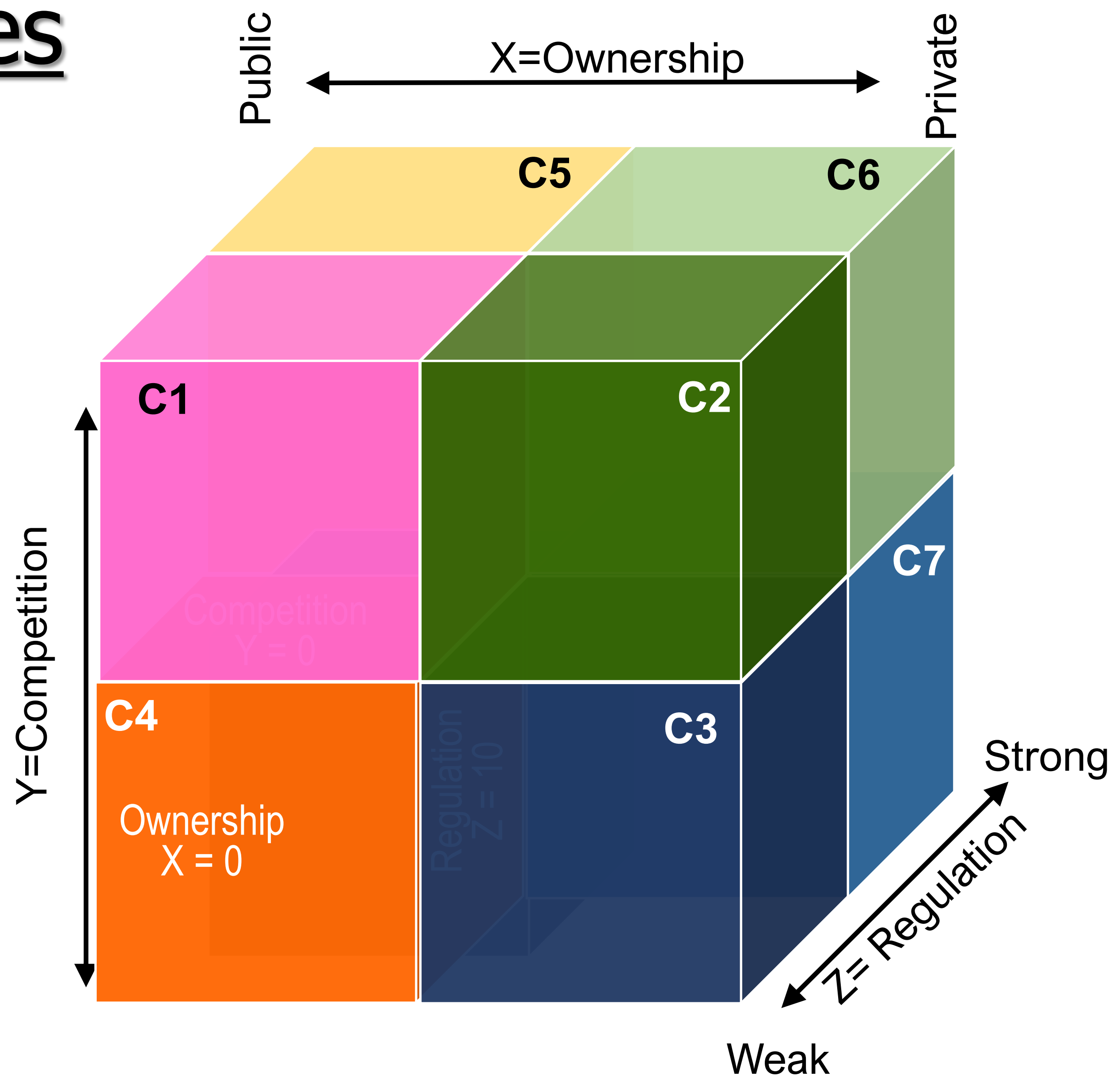
Improvement w/No change in position w/in a Cube

*Yale Z. Wong and David Hensher, "The Thredbo Story: A Journey of Competition and Ownership in land transportation market", Research in Transportation Economics, vol69 (Sept 2018)

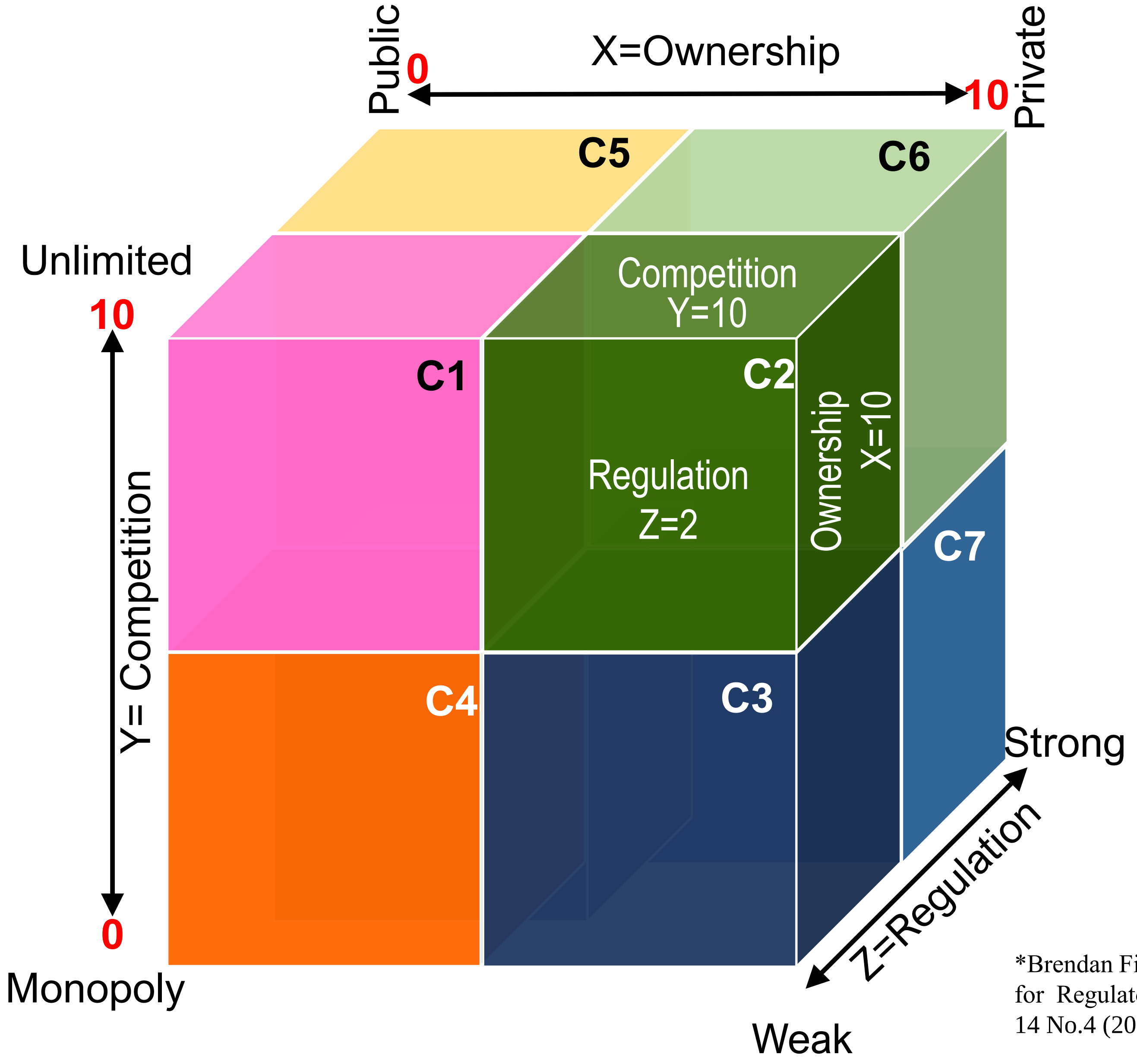
The View of C1W Cities

Reform Threads
- Unbundling
- Service Contracting
- Movement on Y axis

Thredbo Countries [C4]
(X=0, Y=0, Z=10)
- Local Public Transit Authorities
- Nil to Zero paratransit
- Car as dominant mode



The View of C3W Cities ("Threadbare" Countries)



Philippine [C2 Corner]

(X=10, Y=10, Z=2)

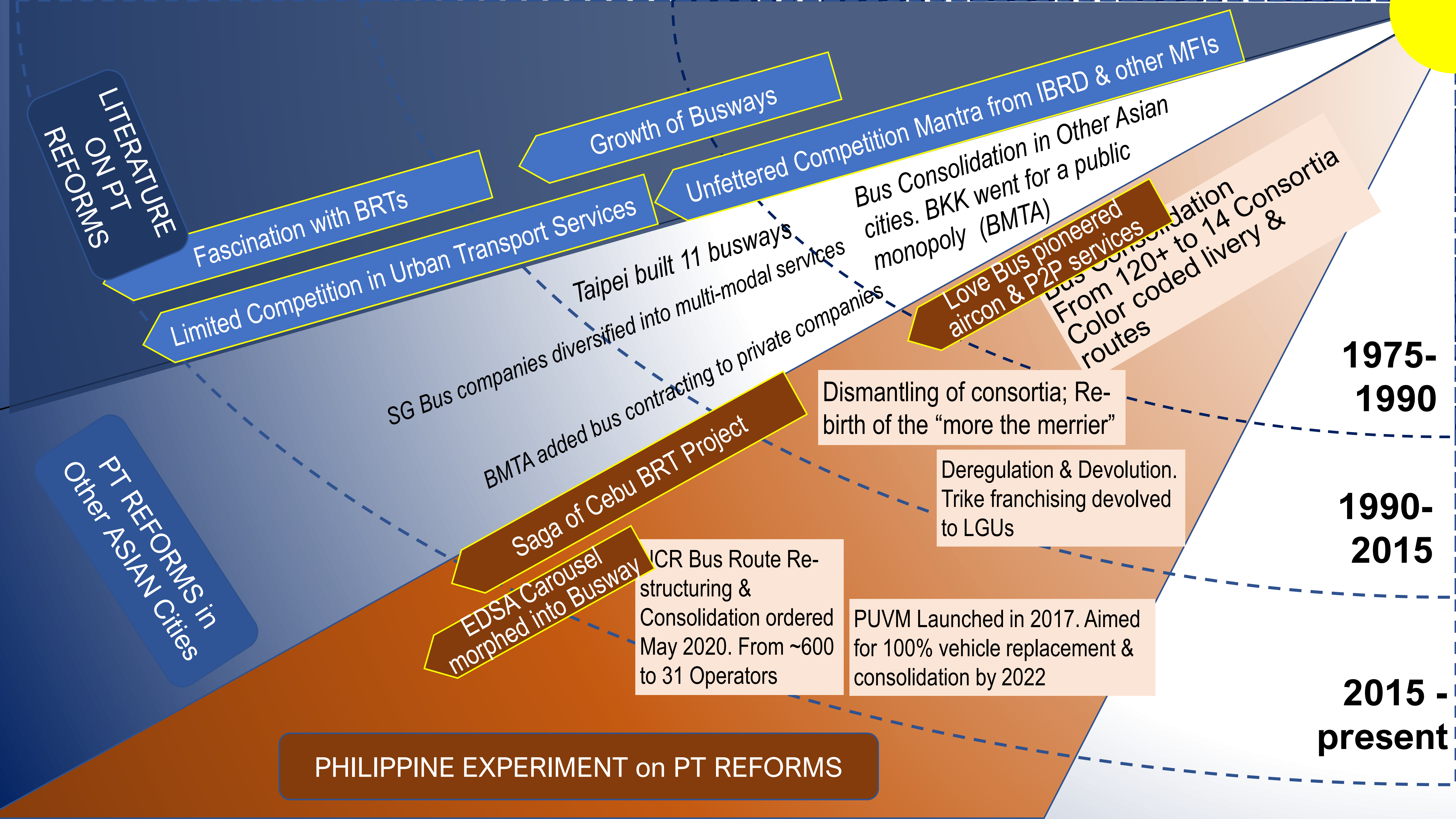
- Weak Institutions (Z)
- Multi-modal Competition of many small operators
- Private Ownership (X)

Reform Threads

- Consolidation (Y) → C3
- Regulation (Z)→ C6
- Zero change on X axis

*Brendan Finn ."Urban Bus Services in DC and Countries in Transition: A Framework for Regulatory and Institutional Developments" Journal of Public Transportation , vol 14 No.4 (2011)

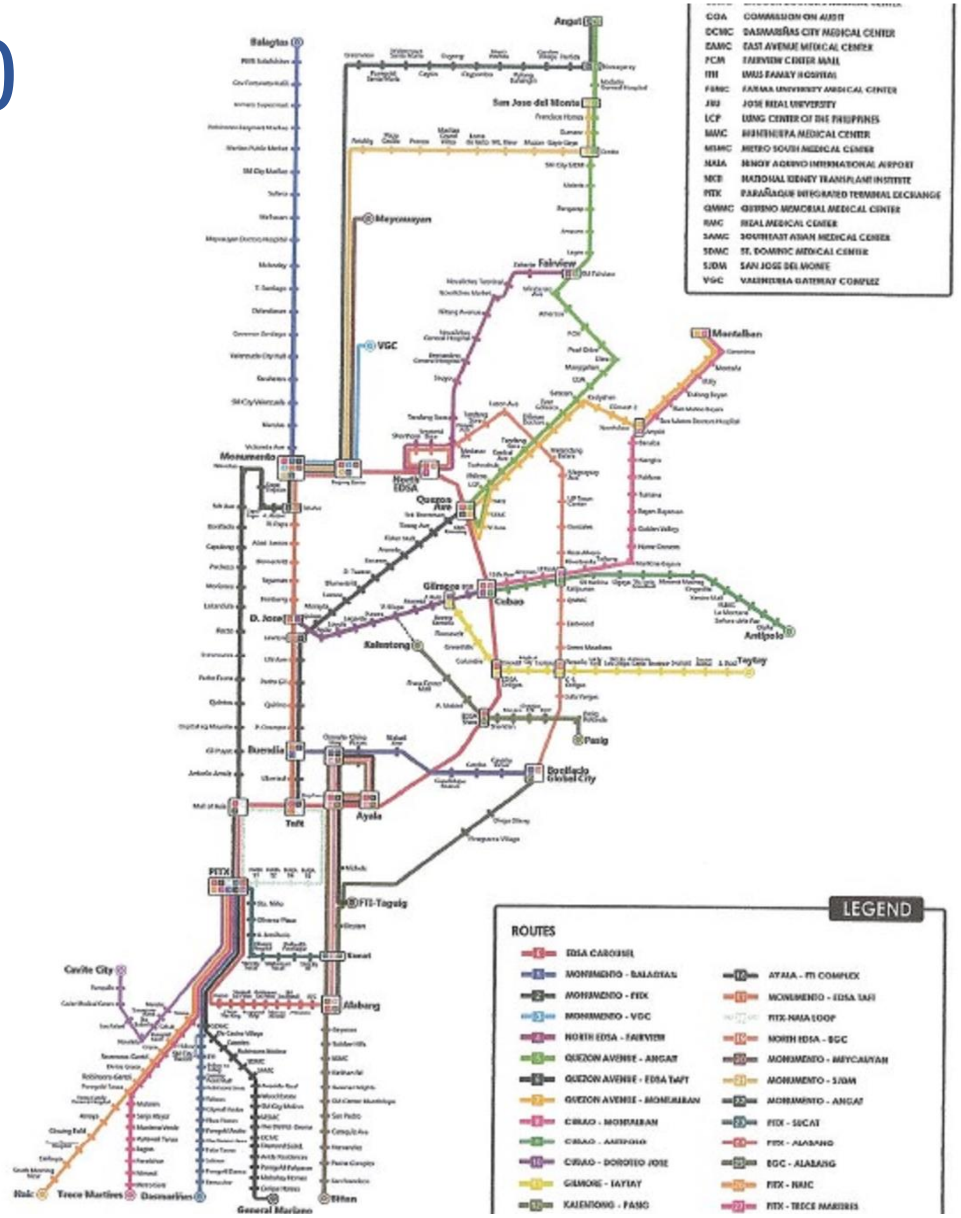

One Way to speed up your journey
Look back to PT Reforms in last 45 Years



LITERATURE ON PT REFORMS
Growth of Busways
Unfettered Competition Mantra from IBRD & other MFIs
Fascination with BRTs
Limited Competition in Urban Transport Services
Bus Consolidation in Other Asian cities. BKK went for a public monopoly (BMTA)
Taipei built 11 busways
SG Bus companies diversified into multi-modal services
BMTA added bus contracting to private companies
Love Bus pioneered aircon & P2P services
From 120+ to 14 Consortia
Color coded livery &
routes
1975-
1990
Dismantling of consortia; Re-birth of the “more the merrier”
Deregulation & Devolution. Trike franchising devolved to LGUs
1990-
2015
PT REFORMS in Other ASIAN Cities
Saga of Cebu BRT Project
EDSA Carousel morphed into Busway
CR Bus Route Re-structuring & Consolidation ordered May 2020. From ~600 to 31 Operators
PUVM Launched in 2017. Aimed for 100% vehicle replacement & consolidation by 2022
2015 -
present
PHILIPPINE EXPERIMENT on PT REFORMS

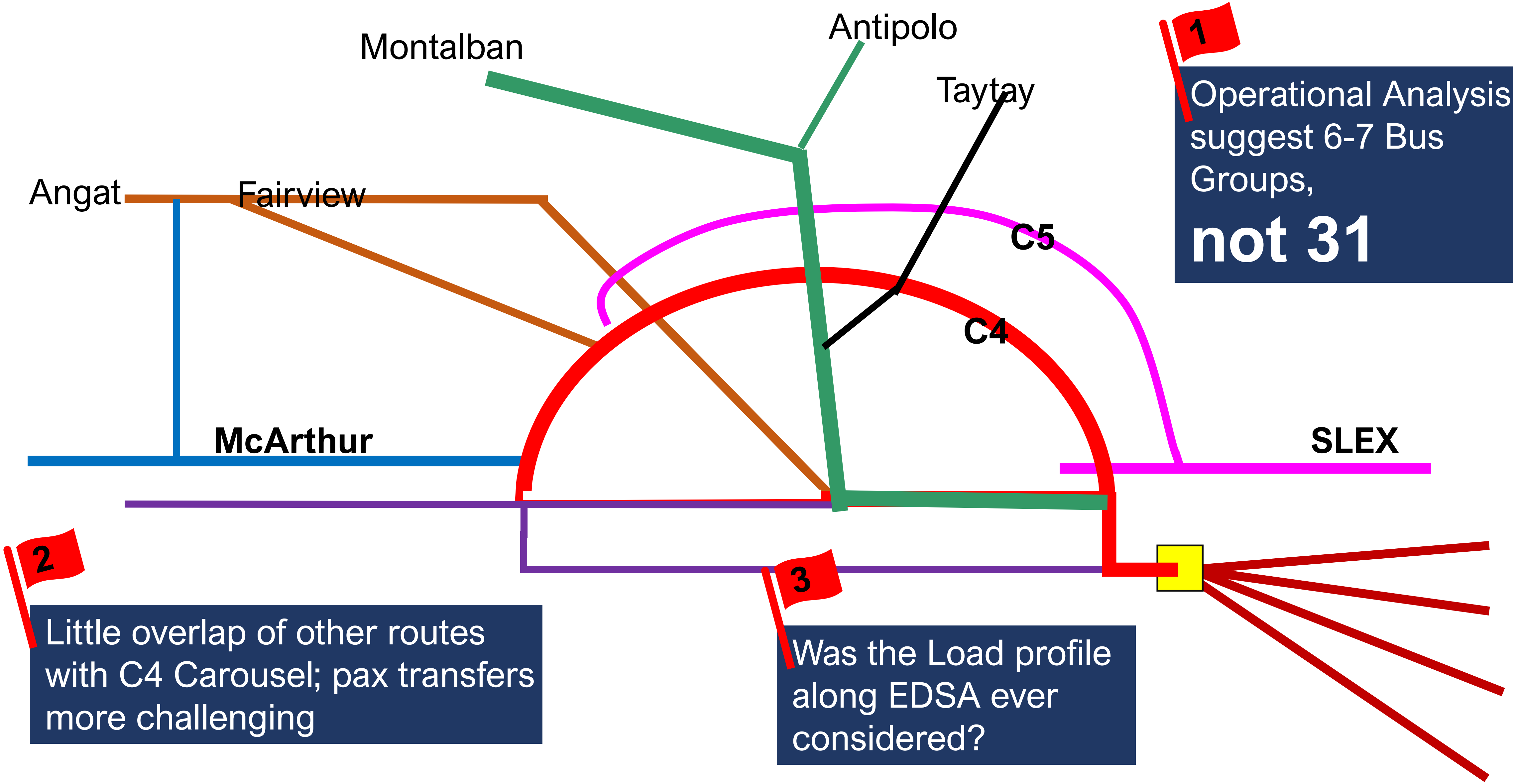
Bus Consolidation version 2020

- Merger of 600+ operators into 31
- Existing operators to re-apply for franchise (1 franchise=1 route)
- Intra-bus transfers, turn-around points, depot locations (unspecified)
- Color-coding buses & routes (31 colors)



Guarino, et.al "A Study into Viability of Consolidating Bus Companies Operating in Metro Manila", 8th TSSP Conference (1997)

Bus Routes Structure → Number of Operators



Operational Analysis suggest 6-7 Bus Groups,
not 31

Little overlap of other routes with C4 Carousel; pax transfers more challenging

Was the Load profile along EDSA ever considered?

Tale of 2 Bus Consolidations

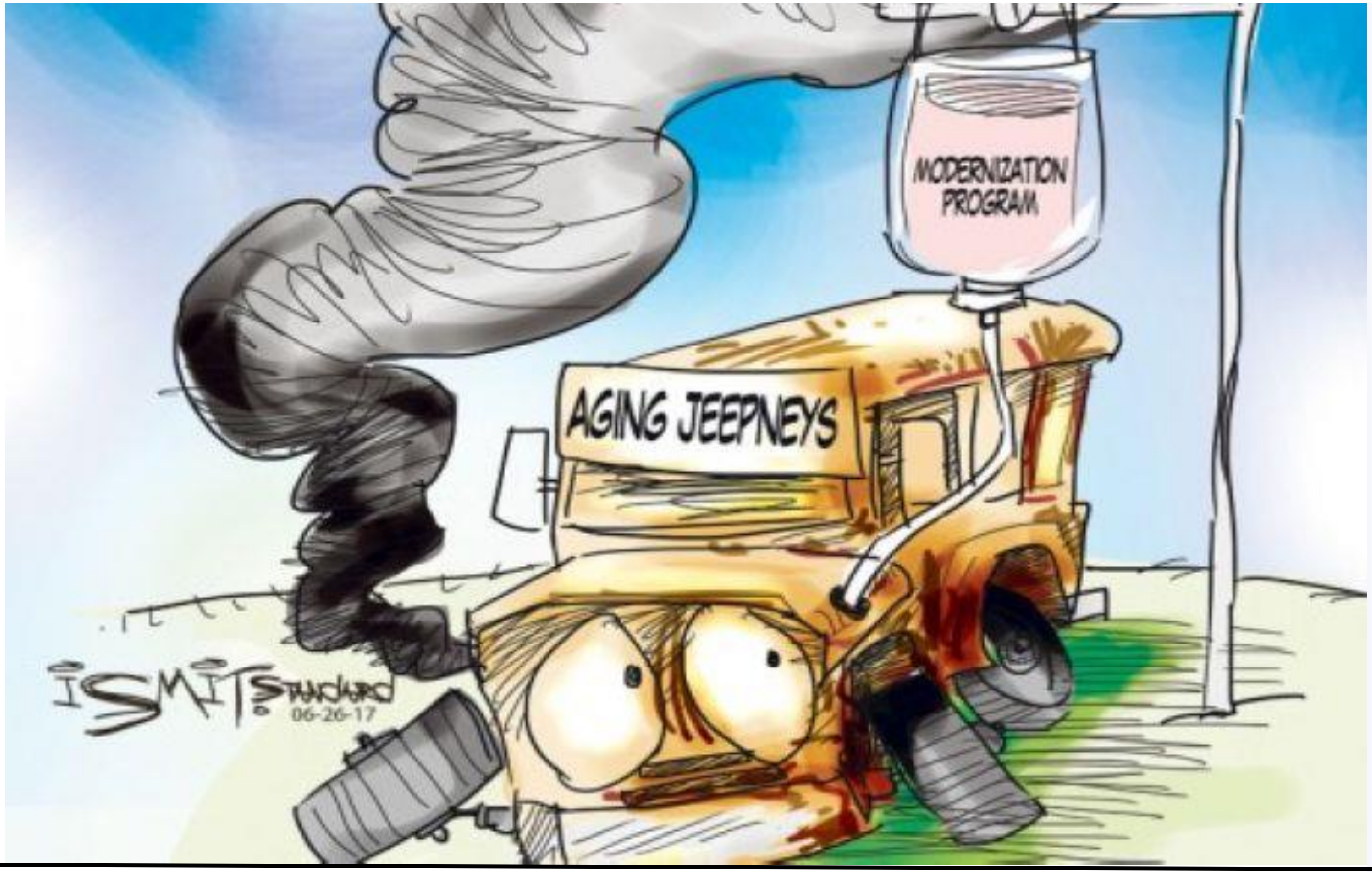
Consolidation circa 1970s

1. Presidential LOI#532, 1343 9s1975
2. Cabinet-level steering committee (COBRE)
3. Full-time Project Team inter-acting with bus operators
4. Route structure derived from operator’s suggestions
5. Bus livery (color) for bus fleets proposed by consortium & approved by COBRE. Same with route color
6. No reduction in bus number, minimum fleet size for each consortium

Consolidation circa 2020s

1. LTFRB Memo Order 2020-019
2. ??? Maybe 3-pax Board of LTFRB
3. Undetermined project team
4. New route structure proposed by a consultant & imposed to operators
5. Route color and code number imposed by LTFRB
6. Reduction in bus number from ~10,000 to 4,600

The PUVM*: Teething or Systemic Problem?



- Target: replace 200k+ jeepneys with minibus by 2021
- Re-design all PT routes (to be done by LGUs)
- Consolidate operators: one 'coop' = one route

Dubious Assumptions:

- New vehicle will be viable at same old fare
- LGUs can prepare route plans, following LPTRP Manual
- Consolidation will happen, by fiat

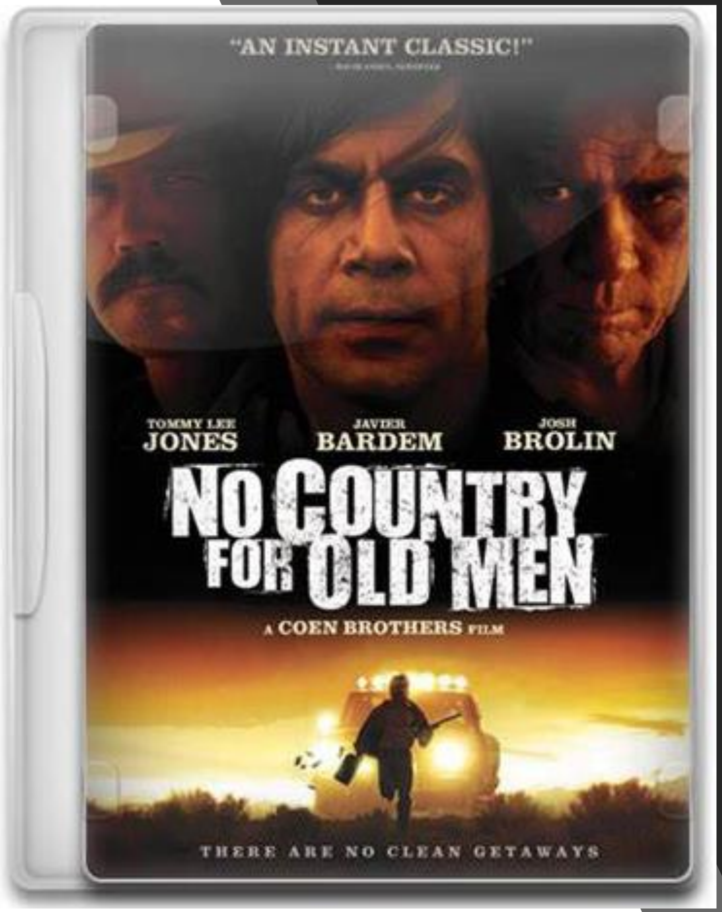
* PUVM – **P**ublic **U**tility **V**ehicle **M**odernization, a Phil government program to phase out old LAMAT, launched in 2017

The slippery slope of Service Contracting

- Private sector contractor is "yet to be organized"
  - Buses and jeepneys are in process of consolidation
  - Contracting with thousands of small operators is a bureaucratic nightmare
- Absence of a pre-existing (+Local) Public Transit Agency (PTA)
  - No LGUs has embraced PT as public service obligation (PSO)
  - Public sector counter-party to SCS is missing
- LTFRB is the wrong counterparty: conflicted interest between regulator and operator
  - No experience in PT transit management
  - Gov't as transit manager: from the frying pan into the fire
- Open a Pandora's Box: politicians meddling in the selection of operators and setting of fares (weak institutions)
- Wrong starting point in the Trifecta

**Conclusions derived by applying Backcasting methodology see ADB's Futures Thinking in Asia Pacific*

Realizations of an ‘aging’ Researcher



➔Public Monopoly is to be preferred when
- *Economies of Scale*
- *Public institutions are strong/competent*

➔Government (PHI) is a bad manager in O&M situation
- *Reverse Midas touch: turns gold into bronze*
- *Inner clock on accelerated entropy*

➔In a competitive market (according to Economists)
- *Government hand is unnecessary*
- *Steering, not Rowing, is the mantra*

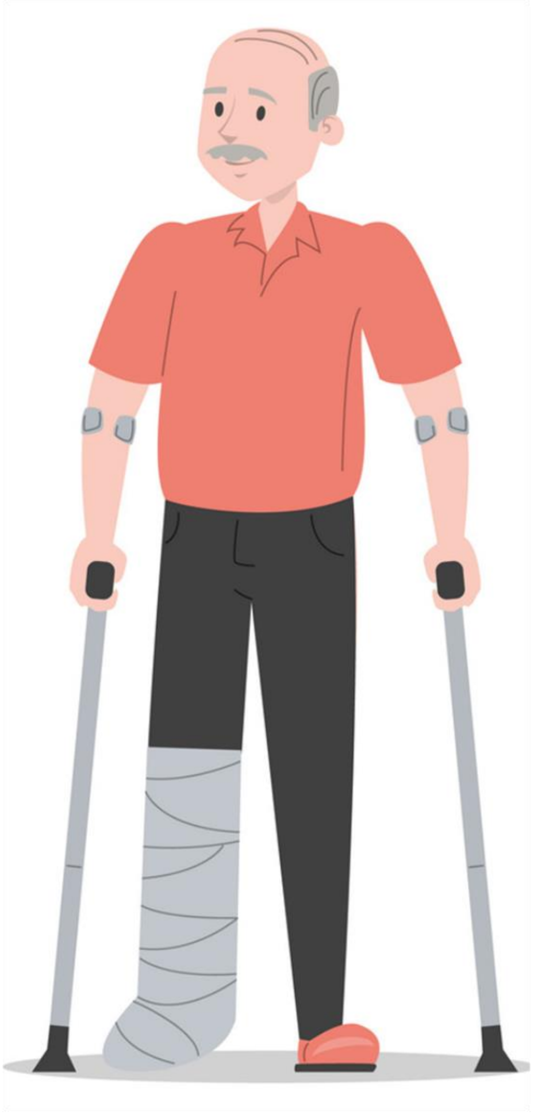
➔Balancing too many vs too few operators
- *Too many: commuters can’t differentiate good from the bad*
- *Fear of monopoly/oligopoly is imaginary (in transport)*
- *Other modes are competitors (hiding on plain sight)*

➔Colonial mentality can’t be dismissed
- *Seduced by imported ideas & foreign experts*
- *Dismissive of local researchers*
- *Explains obsession with Service Contracting Scheme*

Many questions when I begun my journey

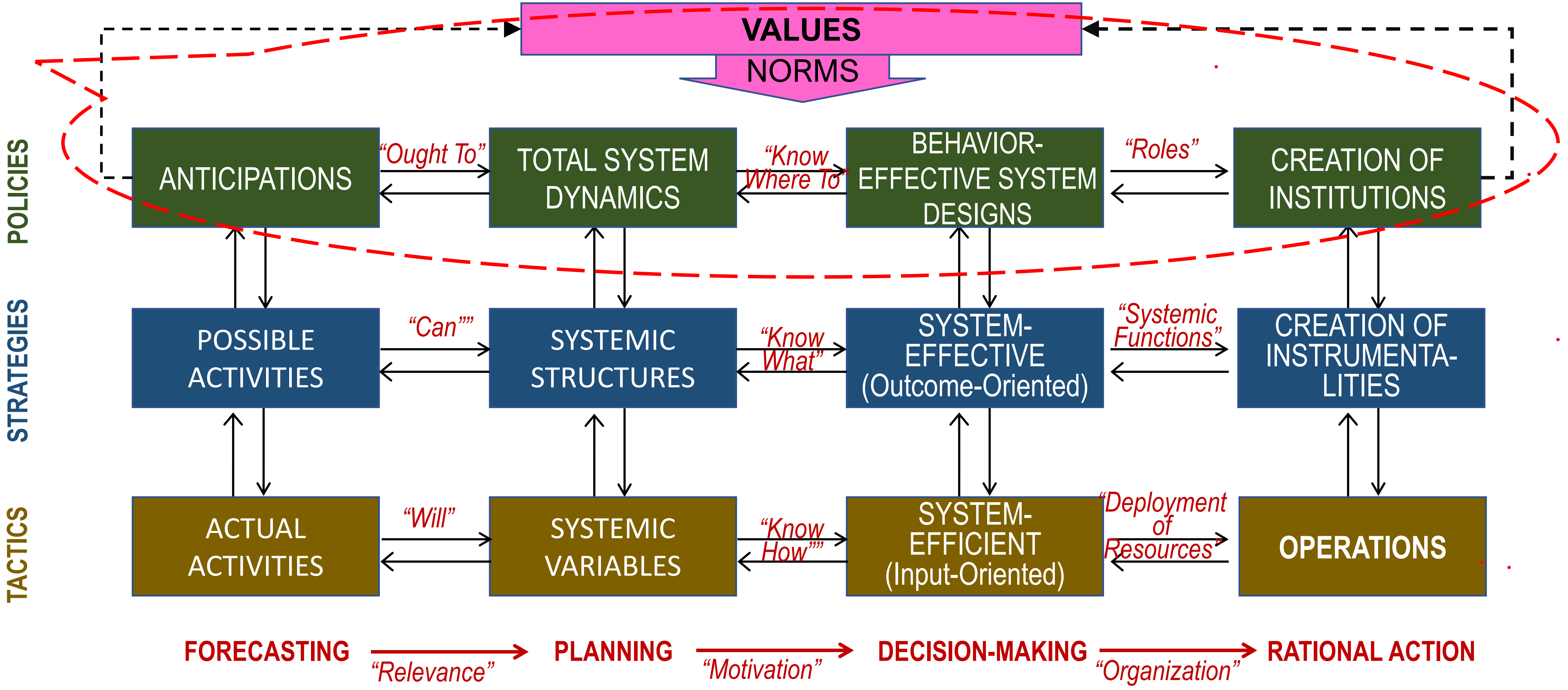
Many questions remain, after many years

- PT Modernization = Corporatisation/Amalgamation?
- Can small operators be coordinated or integrated without consolidation?
- How to save PUVM? Or does it need saving?
- Will the old playbook on bus consolidation lead to new outcome?
- What about public transport in 1,400+ municipalities without buses or jeepneys as PT mode?



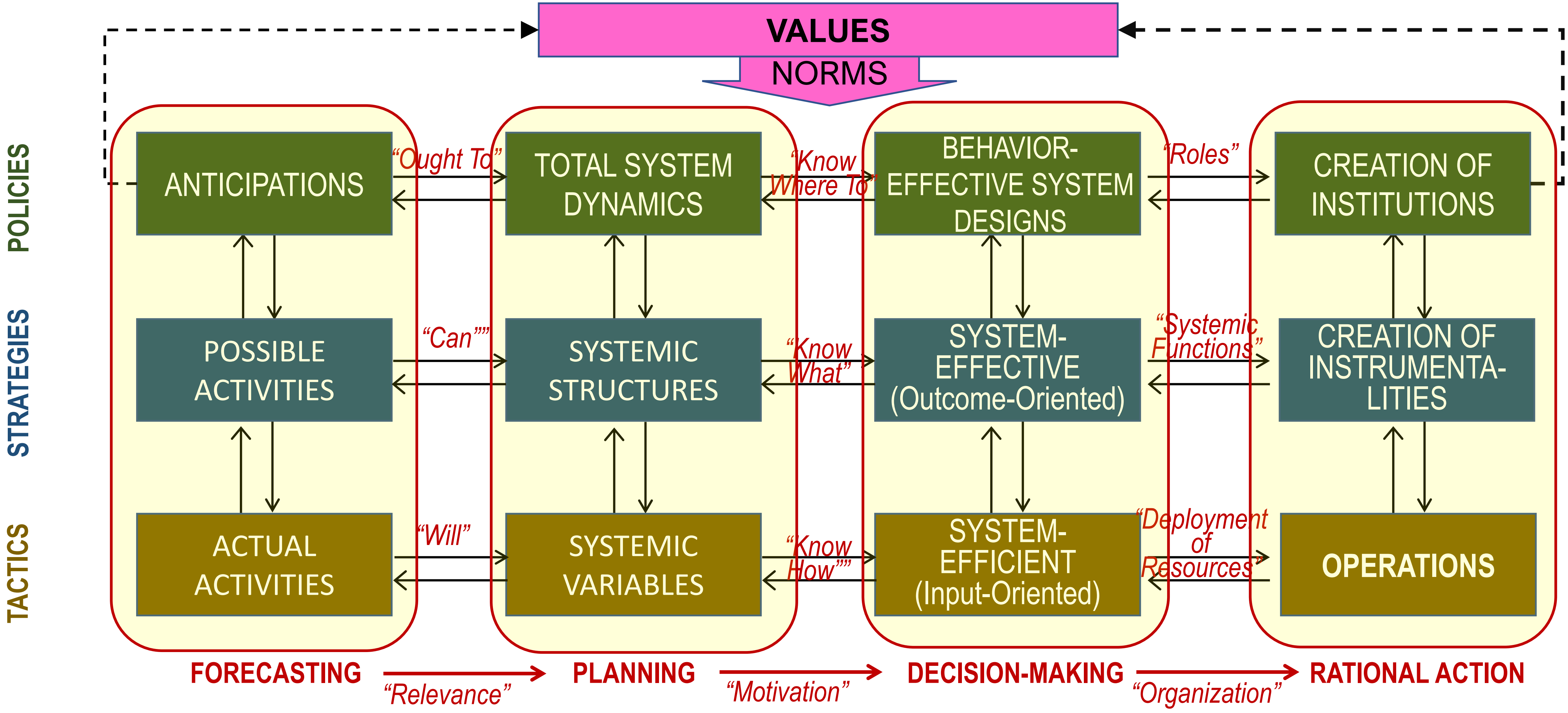

One more thing...
What comes next after STO?
[Following the musings of THREDBO]

A Framework for Policy Design & Planning



This model appeared in a Journal of Policy Science sometime in the 1970s. Original paper and author could no longer be traced

Phasing of S-T-O-P



Thank You !

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